

Written Evidence submitted by WWF

ENVIRONMENTAL AUDIT COMMITTEE INQUIRY: GREENING THE POST-COVID RECOVERY

August 2020

WWF welcomes the opportunity to submit written evidence to this inquiry and to work with the Committee in this critical year for UK environmental leadership.

This submission does not seek to answer all questions of the inquiry, just those where our policy and programmatic work has direct relevance, namely questions 1 and 8.

WWF has been highly involved in addressing solutions to our climate and environmental crises that we currently find ourselves, as well as considering the impact across the UK and abroad, and is keen to support this submission by providing any further input, such as an expert witness, if necessary.

SUMMARY

1. As we begin the recovery from Covid-19, the need for UK action and leadership to deliver a green recovery, underpinned with high environmental standards and world-leading protections, is more critical than ever.
2. WWF research demonstrates that investing in a green recovery, has the potential for up to three to eight times net benefit to the economy, from any initial investment. Society will be healthier and more prosperous.
3. All future spending decisions by HMT should be undertaken through a sustainable lens; we recommend a **'net zero test' and Fiscal Resilience Rule**.
4. The UK, through its presidency of the G7 and COP26, will have multiple routes to influence our global impact on the planet. In particular we urge the UK government to **publish its Nationally Determined Contribution**, setting out how the UK will uphold its commitments to reduce greenhouse emissions, by the end of the year, as well as enabling the finance sector to play its part in building a resilient and just recovery, by **making incoming climate disclosure rules mandatory**.

DETAIL

VISIT...

LANZAROTE
Caliente.COM

How can any fiscal and economic stimulus packages be aligned with the UKs ambitions on net-zero, biodiversity, the circular economy, and Sustainable Development Goals?

5. As we emerge from this pandemic, our economy has shrunk substantially, and we confront a huge task to stimulate a swift economic recovery. But this also represents an opportunity, in the words of the Prime Minister, to ‘build back a greener and more beautiful Britain’.
6. Recent research from WWF¹ demonstrates that the best way to stimulate the economy is by government investing in green sectors, policies and technologies that will create a higher number of jobs than investment in grey/legacy/fossil fuel sectors, build our resilience to climate change, create economic opportunities in industries of the future, and offer substantially greater economic returns in the more immediate term – **three to eight times the original investment**. It can also deliver **wider benefits to the UK of £90bn a year** – through things like avoided healthcare costs from, for example, cutting air pollution and improving energy efficiency in homes.
7. So, as the Government is poised to spend large amounts of money on the economic recovery it is crucial that it is spent in a way that delivers these benefits, and does not exacerbate our vulnerability to climate change and other environmental risks, or store up even greater costs for the future by investing in environmentally damaging industries or infrastructure, such as a huge new road-building programme, or fast-tracking inefficient, unhealthy housing that puts the burden of on future generations to retrofit.
8. The recovery package must therefore be aligned with the Government’s legal commitment to achieve net zero carbon emissions by 2050. As such, we are **asking the Treasury to apply a ‘net zero test’ and Fiscal Resilience Rule to its spending decisions**, to ensure that the overall economic recovery package is aligned with this net zero commitment and is therefore both resilient and sustainable.
9. This should be part of a wider package of measures to ensure Britain ‘Builds Back Better’, including strong new nature laws (built into the Environment Bill, Fisheries Bill and Agriculture Bill), a new approach to farming and planning policies that incentivises environmental improvements, and high environmental standards in new trade agreements.
10. The recovery package should also include investment in natural capital as this could create 25,000 jobs, help us meet our net zero commitment, and start to reverse **the decline of natural assets that is likely to cost the UK at least £16bn a year by 2050**.²
11. The UK should also play a role in ensuring economic recovery packages in other countries strengthen rather than undermine efforts to tackle climate change and nature loss, by ensuring that finance provided through aid and sovereign lending supports and incentivises sustainable, low carbon development pathways. Recent news of a review of UK Export Finance is welcome, but there can be no loopholes for gas exemptions.

¹ WWF / Vivid Economics, 2020, *Keeping us Competitive: A UK Investment Strategy for Net-zero*

² WWF, 2020, *Global Futures: Assessing the Global Economic Impacts of Environmental Change to support Policy Making*

In the run up to Conferences of the Parties to UN conventions on climate change and biodiversity next year, how can the UK use its influence, as both host of COP26 and when holding the Presidency of the G7 in 2021, to influence the nature of economic rescue packages around the world?

12. As the incoming presidency of COP26, but also as the presidency of the G7 in 2021, the UK is uniquely positioned to lead and support global action on climate and biodiversity. There are several ways that the UK government can leverage its influence positively including through greater diplomatic efforts, demonstrating leadership through our own domestic high standards and targets, ensuring new trade deals are inherently sustainable, and create an optimal environment for expansion of green finance.
13. As we begin the recovery from Covid-19, the need for UK action and leadership to deliver global cooperation and environmental diplomacy is more critical than ever. With a global context not favourable for swift action on climate and biodiversity, the UK will have to do a lot of heavy lifting and actively lobby to put environmental issues back on the global agenda in 2020 and 2021. **The UK should immediately dedicate more resources and more political support to its diplomatic efforts on environmental issues and make it a clear priority across all diplomatic engagement.**
14. It is important the UK leads by example. As per above, the UK should join the dots between the post-Covid recovery and COP26. Investments in clean and sustainable technologies, nature-based solutions and other measures to address the climate and biodiversity emergency will offer both the enhanced climate ambition required at COP26, and the much-needed jobs and expansion in sustainable activities that the world will need as economies recover from Covid-19.
15. Investment in green measures will set a tone and then in turn, by the UK publishing a strong Nationally Determined Contribution in the run up to COP26, demonstrating how it will meet its commitments to reduce greenhouse gas emissions in line with the Paris agreement, this would signal other countries to follow suit. **We urge the UK government to publish its NDC before the end of 2020, and to be inextricably linked to a strong domestic green recovery package,** as detailed above.
16. The UK should put trade agreements at the heart of its international engagement. Any trade deal that the UK concludes should be fully compatible with a low-carbon, resilient and sustainable transition, and should maintain high environmental standards. As the UK negotiates new trade agreements, it is important to ensure that these deliver on UK commitments to support the transition to resilient, reliable and sustainable commodity supply chains that benefit people and nature. Using the presidency of the upcoming G7 meeting it is important the principle of sustainability in future global trade is paramount in negotiations.
17. Likewise, UK government should take steps to **enable the finance sector to play its part in building a resilient and just recovery, whilst preparing for the systemic risks associated with climate change and nature loss.**

18. **The UK Government should make incoming [climate disclosure rules](#) mandatory**, rather than comply or explain and should extend beyond premium listings to ensure that comparable, climate-related data is fully accessible across the *whole market*. The new rules should focus on enhancing the *quality* of implementation rather than simply compliance. As noted by [existing research](#), 73 per cent of the 75 largest global asset managers already support TCFD recommendations, but only 19 per cent report in line with them and where they do, the reporting has been shown to be “varied in its quality and level of detail.”
19. **The UK government should also recognise that mandatory climate risk disclosure through TCFD is insufficient in driving the changes needed to influence a whole economy transition** that net-zero demands within the timeframes outlined by science. As highlighted in the TCFD’s [status report](#) (2019), information related to strategy under different climate scenarios had the lowest level of disclosure across the 11 recommended disclosure areas. Climate risk management through frameworks like TCFD is also distinct from seeking or achieving climate outcomes, as is being increasingly [articulated](#) within the sustainable finance community. Indeed, actions related to climate risk management may lead to little or no real-world emission reduction or preservation of nature.
20. For these reasons, **the UK government should require all UK regulated financial institutions to have a strategy in place by the end of 2021 to meet the Paris Agreement**, extending across global practices. This would in effect ‘draw a line in the sand’ and set minimum and ratcheting expectations for all financial institutions, freeing them to build and invest in strategies that support the allocation of private capital towards green during the recovery. This is also an area that the UK can and should demonstrate leadership ahead of COP26 and - given the size and scope of UK finance sector- would send strong signals through international markets and forums.
21. Alongside these policy changes, **the UK government and the finance sector should formally come together and work out how to meet its net zero goals and the objectives of the Paris Agreement within the context of pandemic recovery**. This active and collaborative approach has happened already across Europe, including [Netherlands](#), [Germany](#), [Spain](#) and [Sweden](#). Replicating an agreement to fit the UK context, whilst larger and more complicated, has the potential influence the nature of the economic recovery packages in the UK and globally given the international composition of the UK finance sector.
22. **The UK government should use all avenues of influence to advocate for and support the development of new sovereign debt financing mechanisms** to help countries navigate the looming global [debt crisis](#), whilst also delivering nature and climate-related outcomes. This would involve the UK government working with private sovereign debt investors, development finance institutions and official sector actors (e.g. IMF) to design interventions that ensure capital continues to flow towards countries that are exposed to the worst effects of environmental risks that, left unchecked, can [disrupt a country’s capacity to raise and repay debt](#) by fundamentally undermining [the planet’s life-support systems](#) upon which we depend.

Contact	Daniel Rubio, Public Affairs Specialist
Email/Tel	Drubio@wwf.org.uk

COV0099

Date	August 2020
-------------	-------------

August 2020